



A new forum for Co-operative Federation of Victoria news

Welcome to my first column, which comes to you along with our new CFV News format.

I've been 'at the desk' for just over five months and a random sample of the files on it will probably give you an idea of our activities:

- annual funding submission to the Office of Fair Trading & Business Affairs;
- production of a training and development kit for co-operative directors;
- proposal to include 'Victorian Co-operative News' in a new format, as an insert in 'National Co-op Update' (NCU);
- proposed submission to the second round of the Victorian Federation Grants Scheme to fund a project that would focus on the past and future contribution of co-operatives to the development of Victoria;
- creation of the Co-operative Federation of Victoria web site; and
- a project promoting the co-operative option to Victorian health and aged care providers, with an emphasis on bush nursing hospitals.

All of these activities are additional to the daily communication with members, discussing their issues and appropriate ways that the federation can help.

National Co-op Update

I trust that federation members will be as happy as I am with a move that sees them receiving multiple copies of (NCU) and CFV News – six issues over 12 months – as a direct benefit of their membership.

Members will no longer need to subscribe to NCU in order to receive it.

I am certain that this strong link between NCU and CFV will result in an improved channel of communication between the federation and its members .

Developing co-operative directors

Before the close of this financial year, the federation will commence trialling its 'Developing & Training Co-operative Directors' kit.

The kit will be trialled with a number of member co-operatives and is being developed for the

federation by Active Learning & Communication Co-operative, which has many years of experience developing and implementing adult education programs.

The aim is to provide co-operatives with a method of developing and training directors at a minimal cost.

The kit will be available from the federation later this year. In the meantime, please contact me if your co-operative is interested in participating in the trial.

On a more general note, I am pleased to report that I have received applications for membership from a number of newly formed co-operatives and that membership subscriptions are rolling in.

Subscription notices for 1999/2000 were sent to all members recently. If you have not renewed your membership yet, I look forward to receiving it and building on my relationship with you.

My only regret is that I cannot develop closer links with the membership more quickly, as I am only employed two days a week. However, I will continue to explore ways this constraint might be overcome.

Contact with the membership keeps the federation alive, so if I have not spoken to you yet, give me a ring or drop me a line to say 'hello'.

– Graeme Charles, executive officer

Coming Events

May 10-12: Workshop for Consumer Co-operatives, Nurioopta, Barossa Valley, SA
This workshop, organised by the NSW Federation, is being held at the home of The Community Co-operative Store in Nurioopta.

The speakers include Bob Burlton, chief executive of the Oxford, Swindon & Gloucester Co-operative Society in the UK. Mr Burlton is one of the UK's leading co-operative executives and chairman of the Co-operative Union, the organisation which brings together UK's consumer co-operatives.

If you have not yet received an invitation and program details, contact Graeme Charles at the Victorian Federation.

– March/April 2000 –

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Promoting co-operatives

By David Griffiths

There are unlimited opportunities for advocating the co-operative option.

It is an important, and unremitting, task of the federation, because of our commitment to co-operative advocacy and education.

From time to time, governments appoint various public inquiries and each is an opportunity to advocate the co-operative option.

It is a constant challenge to respond to inquiries that are not necessarily sympathetic to the relevance of the co-operative option to their work. This creates a further challenge for us – to define and articulate relevance, as well as commenting on the subject of the inquiry.

We just have to work harder and smarter.

Recently, the federation made submissions to two Victorian Government inquiries about community health centres and government contracts.

'Restoring Choice' was a submission made to the Department of Human Services, in response to a consultation paper about the Victorian Government's decision to restore elected committees to community health centres.

The submission argued that restoring choice for community health centres should include legal and organisational structure; that it was important to define the meaning and obligations of membership and develop active membership provisions.

'Co-operative Option' was a submission to the Victorian Government's Audit Review of Government Contracts.

The submission argued that the development of government contracts did not necessarily allow for and include the co-operative option, and that this was inconsistent with national competition policy, particularly competitive neutrality.

Copies of both submissions are available free to members of the federation. Non-members can buy copies for \$10 each.

Co-operation awards

At this year's Co-operative Federation of Victoria annual general meeting, two co-operatives received Co-operation Awards.

The Co-operation Awards were inaugurated in 1998 to honour and celebrate achievements by co-operatives and co-operators.

Co-operative of the Year

Co-operative Purchasing Services (CPS) was named Co-operative of the Year.

CPS was incorporated in 1989, to reduce local government's costs by aggregating buying power through central supply contracts.

CPS has more than 400 suppliers, with 120 product categories. Turnover through contracts currently totals \$66 million.

It has helped develop a local government purchasing co-operative in South Australia and is servicing Tasmanian local government under an arrangement with the Tasmanian Local Government Association.

In 1999, CPS embarked on a partnership with Telstra to develop an interactive web site with an on-line tender system, bulletin service, suggestion box, member market, catalogue and update e-mail service.

CPS affirms: "We intend to continue to develop applications that will benefit our members and enable us to work smarter by delivering more services for less cost."

Co-operative Distinguished Service

The YCW Co-operative Society won the award for Co-operative Distinguished Service.

YCW was originally incorporated under the Industrial and Provident Societies Act in February 1949.

Until March 1997, the co-operative's business activities were mainly school uniforms and insurance.

The co-operative has 48,000 members.

YCW campaigned for Victoria's first co-operatives Act in 1953 and assisted the formation of the Victorian Trading Co-operative Association and the Co-operative Federation of Victoria.

The co-operative affirms: "Throughout our history, we have maintained that the members are the society, they elect the board of directors and the directors are answerable to the members."

This year's Co-operation Awards Selection Panel was **Brian McIntosh, Dan McMullen and Owen Slattery**.

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Federation member, Co-operative Energy, donated four co-operative books for each award winner.

Annual general meeting

The Co-operative Federation of Victoria's 17th annual general meeting was held at the RACV Club Melbourne on February 10.

My report to the annual meeting identified three milestones during the past 12 months:

- The work of the Membership Recruitment and Retention Committee in recognising the importance of the federation reinventing itself – from an operational to a strategic approach.
- A board survey that identified measures to improve the federation's efficiency and effectiveness.
- The work of the Victorian Co-operative News (VCN) Editorial Committee to improve the VCN, including frequency, number of pages and distribution.

I also acknowledged the work of **John Gill** on VCN and the Monash University Agribusiness Co-operative Directors Seminar.

The AGM was followed by the annual dinner, attended by 30 people.

The guest speaker at the dinner was **Bill Pyle**, past-president of United Dairyfarmers of Victoria and noted agricultural commentator. He spoke about the need for communication in co-operatives.

CFV BOARD OF DIRECTORS

David Griffiths (Co-operative Energy) – chairman
Rolf Wilkens (Swinburne Bookshop Co-operative)
John Luckman (YCW Co-op. Soc.)
Niel Black (Western Victorian Dairy Research & Demonstration Farm Co-op.)
Vern Hughes (New Market Co-operative)
Valerie Ogier (Co-operative Purchasing Services)
Malcolm Boyce (Emerald & District Co-op. Soc.)
Ron Stone (Ballarat Community Education Centre Co-op. Soc.)
Graeme Charles – executive officer

Director vacancies

Federation rules provide for a board of 10 directors, so two positions remain unfilled.

The Board may appoint directors to fill casual vacancies. They will hold office until the next annual general meeting, when they may submit themselves for election. The Board may also nominate one or two independent directors for approval by members at the annual general meeting.

If you are interested in being a Federation director, phone Graeme Charles on (03) 5728 2005 or David Griffiths on (03) 9770 9916.

IN THE ACT ... News from the Victorian Registry of Co-operatives

Membership rule update reminder

The Co-operatives Act 1996 began operation on October 1, 1997.

An important requirement of that Act was that all co-operatives must insert active membership provisions in their rules.

Under the transitional provisions of Schedule 5, co-operatives were allowed a two-year period to bring their rules into conformity with the new Act.

This period lapsed on September 30, 1999, but the Victorian Registry of Co-operatives has since granted a further extension to April 30, 2000.

Our records indicate that, to date, around 168 co-operatives have not applied to change their rules to incorporate active membership provisions in accordance with Part 6 of the Act.

The registrar has a responsibility to ensure that co-operatives comply with their obligations under the Act. To this end, it is considering the range of options

available to deal with co-operatives which have not made the required changes.

Options include:

- instituting proceedings against the directors;
- directing the co-operative to alter the rules in the specified manner;
- appointing an administrator;
- directing to transfer engagements; and
- winding up.

If your co-operative is among those that have not yet made the necessary rule changes, contact the Office of Fair Trading and Business Affairs (OFTBA) immediately to discuss making the necessary changes and avoiding further action by the registrar. Phone Sue Bishop on (03) 9627 6509 or Robin Lied on (03) 9627 6527.

OFTBA CONTACTS

Wayne New, manager – customer services, (03) 9627 6769
Sue Bishop, (03) 9627 6509
Robin Lied, (03) 9627 6527
Ann Hammann, manager – compliance and policy, (03) 9627 6088
Fred Green, senior investigator, (03) 9627 6501
Stephen Parsons, investigator, (03) 9627 6500
Customer inquiries, (03) 9627 6200

Avoca District Co-operative

Avoca District Co-operative is owner-operator of the Avoca Community Bank branch of Bendigo Bank.

Of the 20 or so community bank branches opened by the Bendigo Bank since mid-1998, Avoca is, as far as we know, the only community that has formed a co-operative to partner Bendigo Bank in its community bank initiative.

The central Victorian town of Avoca (pop. 1000), like many other country towns, faced a complete loss of banking services when a small group of members of the then Avoca Chamber of Commerce and Progress Association met with **Rob Hunt**, chief executive officer of the Bendigo Bank, in 1998.

Negotiations found that a company limited by guarantee was the type of corporate entity that Bendigo Bank preferred to work with in a community bank partnership, according to the co-operative's foundation secretary, **Tony O'Shea**.

The bank's legal advice suggested this could be set up more quickly and cheaply than alternatives.

The Avoca Community Bank

Steering Committee was not impressed with this idea and sought advice about alternatives.

When presented with the suggestion of a trading co-operative, Bendigo Bank's legal adviser initially said it would take too long to set up. Furthermore, it would have adverse taxation implications, which would hinder profit distribution back to the local community.

"Having demolished both those arguments, the committee proceeded to form the Avoca District Co-operative," Mr O'Shea said.

A month later, in December 1998, it was incorporated and registered.

The co-operative's incorporation enabled it to issue share certificates to its 240 original members, who contributed share capital ranging from \$200 to \$5000 a member, instead of asking them to sign away the right to their money for an indefinite period. That would have been the process had the Bendigo Bank's preference prevailed.

According to Mr O'Shea, another benefit was that the total cost of establishing the co-operative, including a feasibility study,

amounted to less than \$10,000. Other communities establishing community bank branches have incurred costs of double or nearly triple that amount.

The Avoca District Co-operative has recruited an excellent manager and three customer service officers. This, coupled with tight cost-control measures, has allowed it to reach the point of monthly revenues exceeding monthly costs after less than a year. The feasibility study had indicated this level would be reached around the close of the second year of trading.

Everyone connected with the co-operative seems delighted with its progress. Mr O'Shea reports that the co-operative is planning to investigate other co-operative activities, such as energy purchasing, telecommunications and a booking agency for local unemployed tradesmen and women.

The community of Avoca is fortunate that Mr O'Shea, before moving to Avoca, spent more than 15 years working and contributing to credit unions in Victoria. His knowledge was invaluable in ensuring that the co-operative option prevailed in Avoca.

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